

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 EA-07 FRB-03 INR-07 IO-11 NEA-10 NSAE-00

OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 USIA-06 L-03 H-02

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TO SECSTATE WASH DC 0531

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 03889

PASS: EB FOR BOEKER, L FOR FELDMAN, TREASURY FOR
LANGE, JUSTICE FOR DAVIDOW, COMMERCE FOR ARRILL, CIEP
FOR GRANFIELD

E.O. 11652: N/A

TAGS: EINV, EFIN, OECD

SUBJECT: COMMITTEE ON INTERNATIONAL INVESTMENT AND
MULTINATIONAL ENTERPRISES, ON OFFICIAL INCENTIVES AND
DISINCENTIVES FOR INTERNATIONAL DIRECT INVESTMENT

L. FOLLOWING IS TEXT OF DRAFT DECLARATION AND DRAFT
DECISION ON OFFICIAL INCENTIVES AND DISINCENTIVES FOR
INTERNATIONAL DIRECT INVESTMENT IME/WP/76.5:

BEGIN TEXT:

GOVERNMENTS OF OECD MEMBER COUNTRIES
HAVING REGARD TO THE CONVENTION ON THE ORGANIZATION
FOR ECONOMIC COOPERATION AND DEVELOPMENT OF 14TH DECEMBER
1960, AND IN PARTICULAR TO ARTICLES 2(C), 2(D), 3 AND 5;
CONSIDERING THE GROWING INTERDEPENDENCE OF THEIR
ECONOMIES RESULTING, INTER ALIA, FROM INTERNATIONAL
DIRECT INVESTMENT;

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RECOGNIZING THE NEED TO STRENGTHEN COOPERATION AMONG

MEMBER COUNTRIES BY GIVING DUE WEIGHT TO THE INTERESTS
OF ALL COUNTRIES CONCERNED BY OFFICIAL INCENTIVES AND
DISINCENTIVES INTRODUCED OR MAINTAINED BY MEMBER
COUNTRIES WITH RESPECT TO SUCH
INVESTMENT; D DECLARE THAT

1. WHEN THEY PREPARE MEASURES SPECIFICALLY DESIGNATED
TO PROVIDE INCENTIVES OR DISINCENTIVES FOR INTERNATIONAL
DIRECT INVESTMENT. THEY WILL TAKE INTO ACCOUNT THE
POTENTIAL EFFECTS OF SUCH MEASURES WITH A VIEW TO
MINIMIZING ADVERSE REPERCUSSIONS ON THE ECONOMIES OF
OTHER MEMBER COUNTRIES.

2. THEY WILL ENDEAVOR TO MAKE SUCH MEASURES AS
TRANSPARENT AS POSSIBLE, SO THAT THEIR IMPORTANCE AND
PURPOSE CAN BE ASCERTAINED AND THAT INFORMATION ON THEM
CAN BE READILY AVAILABLE.

THE COUNCIL
DECIDES THAT

3. CONSULTATIONS WILL TAKE PLACE IN THE APPROPRIATE
BODIES OF THE ORGANIZATION, AT THE REQUEST OF A MEMBER
COUNTRY WHICH CONSIDERS THAT ITS INTERESTS MAY BE
SERIOUSLY AFFECTED BY MEASURES TAKEN BY ANOTHER MEMBER
COUNTRY, SPECIFICALLY DESIGNED TO PROVIDE INCENTIVES OR
DISINCENTIVES FOR INTERNATIONAL DIRECT INVESTMENT.

4. THE DECLARATION AND DECISION SHALL BE REVIEWED
AFTER A PERIOD OF (THREE) YEARS, IN PARTICULAR WITH
REGARD TO THE POSSIBILITY OF EXTENDING THEIR SCOPE.

2. COMMENT: THE PRESENT DRAFT, BASED ON THE
COMMITTEE'S DISCUSSION ON 28TH AND 29TH JANUARY, 1976,
IS SUBMITTED TO THE DRAFTING GROUP FOR DISCUSSION ON
16TH AND 17TH FEBRUARY. THE DRAFTING GROUP BEING AN
OPEN ONE, THIS NOTE IS CIRCULATED TO ALL DELEGATIONS.
(TWO OTHER NOTES ON NATIONAL TREATMENT AND ON

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GUIDELINES FOR MNE'S WILL BE CIRCULATED SHORTLY FOR
THE SAME MEETING.)

THE "APPROPRIATE BODIES" OF THE ORGANIZATION
REFERRED TO IN PARAGRAPH 3 INCLUDE MAINLY THE COMMITTEE
FOR INVISIBLE TRANSACTIONS FOR DISINCENTIVES CONSISTING
OF RESTRICTIONS IN THE SENSE OF THE CODE, THE TRADE
COMMITTEE FOR PROBLEMS INVOLVING TRADE ISSUES,
INDUSTRY COMMITTEE FOR INDUSTRIAL AND REGIONAL POLICIES,
THE COMMITTEE ON FISCAL AFFAIRS FOR THE IMPACT OF TAX
MEASURES, AND OF COURSE ANY FUTURE BODY THAT MAY BE
ENTRUSTED WITH INTERNATIONAL INVESTMENT ISSUES. THE
SECRETARIAT WAS ASKED AT THE MEETING TO PRODUCE THIS
LIST.

THE POINT IS THAT CONSULTATIONS ON OFFICIAL
INCENTIVES AND DISINCENTIVES CAN PROPERLY TAKE PLACE
IN SEVERAL ORGANS OF THE ORGANIZATION, THE CHOICE
DEPENDING UPON THE NATURE OF THE MEASURES IN QUESTION
AND UPON THEIR IMPACT ON THE ECONOMIES. THE ROLE OF A
NEW BODY WOULD NOT BE TO DUPLICATE THE EXISTING
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CHANNELS, BUT RATHER TO COORDINATE THE PROPER HANDLING
OF CONSULTATIONS ACCORDING TO THE CHARACTERISTICS OF
INDIVIDUAL CASES. END TEXT
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